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2009 RMS ClimateWise Disclosure

RMS has been involved with ClimateWise since its inception in 2007, demonstrating our commitment to raise awareness of climate change impacts within the industry and broader public arena, and dedicating resources to further research into climate change adaptation and mitigation strategies.

1) Lead in risk analysis

Support and undertake research on climate change to inform our business strategies and help protect our customers' and other stakeholders' interests.

RMS invests in cutting-edge research on the key implications of climate change for catastrophe risk, modeling, adaptation, and future insurability. Our objectives are to further our knowledge on climate change risks in key areas that are relevant to RMS products/services and more widely to the insurance industry. We are committed to making the results of our ongoing climate change research available to our stakeholders.

In September 2008, RMS collaborated with Lloyd's of London to launch its report on 'Climate Change and Coastal Communities: Maintaining Future Insurability'. In October, RMS also announced it has been selected to partner in an innovative new program launched by HSBC to provide fund managers globally with direct access to specialist climate change research to underpin their investment decisions. RMS will provide real-time information on global catastrophes and their estimated insured and uninsured impacts, as well as climate risk analyses.

Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the Earth's climate.

RMS engages with stakeholders in the climate forecasting and climate change modeling communities to better understand the impact of natural climate variability and climate change on catastrophe risk. Engagement includes participating in conferences, workshops, committees and advisory boards, as well as collaborating and investing in research in this area. For example, RMS has been in dialogue with the UK Climate Impacts Programme (UKCIP) about the use of climate model projections and participated in the UKCIP09 user forum.

Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.

In May 2009, RMS announced the launch of its new Data Quality Toolkit, which allows insurers and reinsurers to improve the completeness and accuracy of their exposure data, and target data improvements in the areas that will have the greatest impact on catastrophe model loss results. It also enhances their ability to select between previously undifferentiated risks and to offer competitive pricing structures on the risks selected.

Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.

RMS has undertaken research towards allowing the RMS® Industrial Facilities Model to model specific clean technology energy generation facilities, including wind farms and hydroelectric facilities. The research has focused on the unique physical and operational characteristics of these facilities, so the risk of earthquakes and windstorms can be quantified and priced. The lack of insurability for many types of clean technologies is seen as a key barrier to investment. Incorporating clean technology exposures in the RMS® Industrial Facilities Model will mean risks can be assessed more effectively, from quantifying losses to capturing correlated losses to a portfolio of exposures.

Share our research with scientists, society, business, governments, and NGOs through an appropriate forum.

RMS is committed to sharing its research on climate change with all stakeholders—academics, business, governments and NGOs. For example, in 2008-09, RMS presented at some 15 external conferences and seminars on climate change impacts, including:

- International Disaster and Risk Conference, August 2008, Davos – Public-private partnership: key for risk management and climate change adaptation
- World Bank Climate Change Conference, December 2008, Washington D.C. – Climate change, insurance and development
- 36th General Assembly of the Geneva Association, May 2009, Kyoto – Climate change and insurance
- ClimateWise/Lighthill Research Network Event, May 2009, London – Coastal communities and climate change: maintaining future insurability

RMS was also a sponsor of a session at the European Geosciences Union (EGU) General Assembly held in Vienna in April, which focused on strengthening links between the academic and scientific worlds on the topic of natural catastrophe risk assessment. For RMS the principal aim was to show the expanding agenda of detailed scientific modeling applications; its presenters covered topics including the lessons from Hurricane Katrina for coastal cities faced with rising storm surge flood risk, and how modeling can be applied to evacuation public policy.

2) Inform public policy making

Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.

RMS invests in climate change research aimed at public policymakers, and engages in frequent discussions with policymakers at national, regional, and local level about the potential impact of climate change on property insurance, and the benefits of adaptation.

RMS was a key member of the first ever coalition of leading insurers, public officials, risk experts, builders and conservation groups that, in April 2009, announced a blueprint of policy changes and actions that could reduce economic losses from future storms and rising sea levels by as much as half along U.S. coastlines. The *Resilient Coasts Initiative* urges the Government, local leaders and the private sector to ensure actions are implemented through regulation, investment, and education.

Promote and actively engage in public debate on climate change and the need for action.

RMS actively supports initiatives that it believes underpin the drive to understand climate change risks, the value of risk-informed adaptation, and the relevance of both for maintaining insurability and protecting the livelihoods of those most at risk.

By request of the Department of Financial Services of the State of Florida, RMS conducted an impact analysis of the My Safe Florida Home (MSFH) program. The RMS® U.S. Hurricane Model was used to analyze the state-wide benefits of retrofitting individual structures with MSFH grant money to reduce losses from hurricane damage. The study found that the MSFH program has reduced the statewide economic liability and the risk carried by the homeowners by \$1.50 for every dollar invested in strengthening Florida homes. This analysis was used to call for the continuation of the program.

Additionally, RMS fully supported the ClimateWise public statement on the UNFCCC negotiations, which focussed on adaptation and was delivered to UN Secretary-General Yvo de Boer in Poznan in December 2008.

Support government action, including regulation that will enhance the resilience and reduce the environmental impact of infrastructure and communities.

RMS has played a leading role in a number of initiatives to promote adaptation to the impacts of climate change in order to mitigate catastrophic risks.

Work effectively with emergency services and others in the event of a major climate-related disaster.

As the leading catastrophe risk modeler, RMS is often called to support federal and local government agencies in assessing damages to determine response and/or recovery operations. For example, after the devastating impact of Hurricane Katrina in 2005, RMS was called upon by officials from the Federal Emergency Management Association, the U.S. Army Corps of Engineers, and the Office of the Vice President of the United States to provide vital information (loss estimates, damage and wind field footprints) for their post-landfall response plans. Most recently, we worked with the Louisiana Economic Development department to help them evaluate potential losses from the impacts of Hurricane Gustav in September 2008.

In addition, RMS has a longstanding relationship with the International Federation of Red Cross and Red Crescent Societies, including annual corporate donation drives, an employee match program, and donation drives after major international disasters.

3) Support climate awareness amongst our customers

Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.

RMS models are the industry standard for quantifying global climate catastrophe risk. RMS offers catastrophe models in over 40 countries, allowing our clients to confidently quantify and price risk and analyze the probability of loss depending on exposure in given regions. In 2008 RMS pioneered a new climate change riskscreening service for its clients, which identifies the potential physical impacts of climate change on a company's property and operations. RMS models are used to calculate the risk of physical damages and business interruption from climate perils today, together with climate model output to stress test the impact of future potential scenarios on business portfolios. RMS also engages in regular dialogue with its clients in the insurance industry on climate change risk. This includes: sharing expertise on the implications of climate change for catastrophe risk by peril; climate change considerations in RMS climate catastrophe models; longer-term implications of climate change on catastrophe risk, insurability, and the loss reduction benefits of risk mitigation; climate change liability risk; risks in a low carbon economy (including risk modeling for clean technology exposures); and climate-insurance solutions as a form of climate risk adaptation for emerging markets/developing regions (e.g., micro-insurance, index-linked securities).

Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.

As a catastrophe modeling firm, RMS does not offer insurance products and services, but provides tools for the insurance industry to help quantify the underlying risks. Nevertheless, RMS models can be used to explore the value of risk mitigation, and the loss reduction benefits of specific climate change adaptation measures. Through our networks, publications, and participation in forums, RMS engages with stakeholders in risk management and policy on the impacts of climate change on future risk and future insurability, and the benefits of adaptation.

Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.

Not applicable, as RMS is a catastrophe modeling firm.

Consider how we can use our expertise to assist the developing world to understand and respond to climate change.

RMS invests in R&D efforts to help developing world regions understand climate catastrophe risk, the implications of climate change, and options for risk management. RMSI (a wholly-owned subsidiary of RMS based in India), for example, has a modeling team dedicated to undertaking projects for policymakers, NGOs and development banks focused on integrating climate risk management into development policy by enhancing the understanding of climate and climate-related issues primarily in water and agricultural sector. Broadly, this work aims to generate better information and understanding on how current climate risk management strategies are coping in response to droughts and floods; to develop and demonstrate how a climate modeling framework can be used to identify future climate risks; to use this information to help determine the key elements of an adaptation plan that can help improve climate resilience and adaptive capacity; and to raise awareness of the climate change risks and effective solutions among all stakeholders.

RMS has also been a catalyst for the advancement of micro-insurance, and has undertaken quantitative analysis to demonstrate that a micro-insurance system could be both technically and commercially viable to provide coverage against catastrophic risk in rural China. With the appropriate support, micro-insurance could, for the first time, help protect low-income households against major catastrophes through a framework of risk sharing and risk transfer involving insurers, reinsurers, and the government, setting a foundation for the use of micro-insurance for perils such as hurricane, flood and windstorm, as well as earthquake.

4) Incorporate climate change into our investment strategies

Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process.

Not applicable as RMS is a catastrophe modeling firm and is owned by the Daily Mail and General Trust. (DMGT)

Encourage appropriate disclosure on climate change from the companies in which we invest.

Not applicable. In principle, RMS does support appropriate corporate climate change disclosure.

Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio.

N/A

Communicate our investment beliefs and strategy on climate change to our customers and shareholders.

RMS actively communicates its strategy on climate change to its clients. Driven by the RMS Climate Change Practice, this strategy includes a coherent cross-organizational framework for managing the business risks posed by climate change, investing in climate change R&D, and realizing the opportunities for new services/products that the challenge of climate change presents.

Share our assessment of the impacts of climate change with our pension fund trustees.

In 2008, the RMS Climate Change Practice worked closely with DMGT to undertake a "Climate Change Risk and Opportunity Assessment" and review the wider impact of climate change across the Group, complementing the efforts being made to measure and reduce DMGT's carbon footprint. This work consisted of a thorough assessment of climate change risks to DMGT and opportunities to create business value.

5) Reduce the environmental impact of our business

Encourage our suppliers to improve the sustainability of their products and services.

RMS is working to achieve a greener office environment (see examples below), and evaluates suppliers in this respect.

Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.

RMS is working to achieve a greener office environment by with working with building management at its offices globally to implement recycling initiatives (e.g., paper and cardboard, toner, light bulbs). RMS is also committed to supporting initiatives that reduce employee carbon footprints e.g., carpooling in the U.S. offices, greener taxi operators in the London office, enhancing video conferencing facilities to reduce the need for travel, reducing waste by using water filtration systems in all offices rather than water coolers.

In addition, at its September 2008 International Client Conference in Edinburgh, RMS actively encouraged attendees to travel via rail instead of flying to reduce carbon emissions. We also selected a hotel with a green policy, which included using locally-farmed produce, energy-saving lighting, and the promise that the event would be carbon-neutral.

Disclose our direct emissions of greenhouse gases using a globally recognized standard.

RMS greenhouse gas emissions are monitored and reported as part of DMGT's wider carbon footprint management processes. In 2007, DMGT employed an external firm of consultants to carry out a Carbon Footprint Analysis across the whole Group. They focused on every operating facility, gathering data for the base year of 2005/6 and then for the financial year 2006/7. DMGT is now developing a strategy for the reduction of the Group's Carbon Footprint. The overall approach has been designed in accordance with the guidelines from the WRI/WBCSD GHG Protocol Initiative (—GHG Protocol||).

Engage our employees on our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work.

RMS employees are fully engaged in the RMS climate change strategy, from managing the business risks posed by climate change, undertaking and promoting RMS climate change risk research, engaging with

leading stakeholders in public and private sectors that are helping to shape this issue, and making climate-informed choices in the workplace and beyond.

6) Report and be accountable

Recognize at Company Board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning.

The RMS Board's commitment to climate change is reflected by its commitment to a coherent cross-organizational framework for managing the business risks posed by climate change, investing in climate change R&D, and realizing the opportunities for new services/products that the challenge of climate change presents.

Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.

Action taken is demonstrated by this response.

Note to ClimateWise Reviewers:

RMS Corporate Structure

Over 1,500 RMS employees serve the global financial markets from offices worldwide, with RMS headquarters in Newark, California, and offices in the U.S., U.K., Bermuda, France, Switzerland, China, India, and Japan. RMS is owned by the Daily Mail and General Trust (DMGT), plc. DMGT is listed on the London Stock exchange and details of major shareholders disclosed in its Annual Report, available at www.dmgmt.co.uk. RMS control and ownership remains independent of any individual or company in the insurance or reinsurance market.

Robert Muir-Wood, Chief Research Officer

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